DIMENSIONS IN TRAINING

Selling: Inside Out Part II: Telemarketing By Computer

The importance of outside sales people giving up accounts to order desk people was discussed last month. Jacques St. Pierre, V.P. and General Manager, J.B. Rolland in Montreal outlined his company's marketing approach of selling through the inside sales people.

When service results in customer satisfaction, it gives the distributorship a competitive edge in the market that can lead to:

- Increased customer loyalty
- Repeat sales
- Increased market share
- Higher profits
- A positive public image

In this issue, selling from the inside out looks at telemarketing as a profitable and productive tool. Ed Mazer, President, Standard Paper and Merchandise Co., Springfield, Massachusetts reviews the use of telemarketing with his Qantel computer package.

Mazer on Telemarketing

The need for the paper merchant to develop innovative techniques to improve performance is necessary in today's changing climate. Costs involved with face-to-face sales calls have escalated dramatically in recent years and are projected to continue to increase in the future. Face-to-face sales calls have become too expensive to service the needs of marginal accounts with little sales support or service.

Our outside sales force is faced with two more-or-less unacceptable alternatives:

1. The weaker sales person (the road-runner) spends too much time with too many small, unproductive accounts yielding low performance and not enough sales or income. Because his time is swallowed up by these small, unproductive accounts, he has little time left to service his larger accounts, or prospect for new business.
2. The stronger sales person goes right for the large, productive accounts; leaving unattended accounts which buy less and place smaller, unprofitable orders. These accounts are left without the attention of a sales person. Unattended accounts do not purchase up to their potential and often buy on a sporadic (itch-scratch) method producing small, unprofitable orders.

The telemarketing approach selects these marginal accounts and substitutes inside sales support to serve the needs of these accounts more effectively and more efficiently with less cost.

The challenge, then, is three fold:

1. To direct outside sales effort to larger, more profitable accounts where face-to-face attention will result in growth and a reasonable return on the sales time and expense expended.
2. To provide adequate attention to the marginal account to provide larger, more profitable orders and realize the full, if limited, potential of these accounts without expending the excessive sales time and expense which would normally have been required to accomplish this with outside sales effort.
3. To direct our outside sales personnel, a costly and limited resource of our company (consider the cost of hiring and training a new sales person) to their highest and best use to generate more sales and profits for our company and increase their earnings.

Qantel Paper Distributor Package (QPDP) telemarketing is a structured marketing program designed to improve profitability through the use of telecommunication. This is accomplished in combination with the power of the QPDP computer system, while controlling costs of a sales call. The telemarketing process selectively deals with special accounts that have not been profitable by normal marketing procedures, and manages these accounts by inside sales people. Strong effort by the management to support and adapt this discipline is necessary to success in implementing the telemarketing system.

The QPDP Telemarketing System has taken the basic techniques of inside sales effort and has designed software to maximize the effect. Key to telemarketing is the development of techniques to schedule calls, maintain vital information, and use existing sales analysis data base for each customer. The QPDP system schedules calls, tracks success rate, maintains customer history information, and develops an order planner report for each customer to assist him with putting together an order.

Objectives

The objectives of the Telemarketing System are:

1. Cut the costs of small account sales calls.
2. Free outside sales people to call on larger accounts.
3. Convert marginal accounts getting no attention to small profitable accounts without disproportionate sales effort or expense.
4. Assures that these marginal accounts are getting serviced.
5. Minimizes small, unprofitable orders from marginal accounts.

Work Flow

The QPDP Telemarketing System prepares a working document that schedules calls to be made by the telemarketing sales person. The call schedule may be set for one day or the schedule may be set for a range of days.

The program allows for the docu-

ment to present detailed instructions and/or BCBI reports for the use of the tele-marketing personnel. Calls are then made using the information obtained on the call schedule report and the results of the calls are entered into the computer to update the history of each customer, to add new comments if appropriate, and to set a new schedule call date. An audit report is generated.

The audit trail tracks the last call to customers and notes whether an order was received on current call, details call date, call interval, next call date, and notes whether an order was received on current call, if a new item had been purchased, amount of order, open orders, YTD orders, and YTD sales.

The QPDP system provides an order planner document for each customer. The order planner contains detailed information on customer history of past purchasers, date of last purchase, quantity of last purchase, and year-to-date purchase. The order planner is presented in a format with space available for the customer to enter inventory on-hand and quantity to be ordered. The order planner doesn't contain any pricing information. MN

Chairman's Corner

LIONEL ELTIS
NPTA's Chairman of the Board

Employee Dishonesty

These monthly columns are designed to make you stop and think about your operation. I hope you will use these discussions to review your procedures related to the subjects at hand.

In all probability, the greatest profit leak in American business today is employee dishonesty. Our complacency in recognizing the signs of this problem costs us money. When a drop-in customer pays cash, does the person making out the ticket receive the cash? It is a good policy to have someone other than the sales person receive the funds.

How often do you check your mailroom to see if personal mail is being run through the postage meter? Are company supplies going home with the employees? Are your truck drivers making unauthorized stops and pick-ups from customers without authorization? Merchandise can be sold quickly off the back of the truck.

Do you cycle-count fast moving items like copier paper, can liners, tape, and envelopes? Compare your counts with your inventory control records, and then do it a week later to see if material is missing.

Employee travel and expense vouchers must be monitored. Check for duplication. Airline or hotel bills may be submitted one month, and a credit card charge for the same expenses may come through the next month.

Other areas that you should look into: computer security, the unauthorized use of a company gas pump, medical claims, sales people changing costs to receive more commission.

If you review your company practices now, you will have a better profit picture in 1984.

On behalf of the Officers, Board of Directors and staff of NPTA, let me wish you and your family a most Happy Holiday Season and all good wishes for health and happiness in the New Year. MN

Calendar of Events

December

7-8. Paper Merchant Human Resource Development Conference. Learn effective utilization of all company employees and policies. Atlanta, GA. Contact NPTA.

1984

January

22-24. Copier Industry: Winds of Change. Status and outlooks. Pier 66, Ft. Lauderdale, FL. Contact Institute for Graphic Communications, 617-267-9425.

February

9-10. Productive Marketing Management For Paper Wholesalers. An operationally efficient and effective approach to recapturing profitable sales growth. St. Louis, MO. Contact NPTA.

Sales and Time Management Training

Professional Selling Skills III (PSSIII) and Managing Time and Territory III (MTTIII) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. Contact the NPTA Education and Training Department.

The Manager's Notebook

Warehousing and Safety

There are eight warehousing audio visual training programs, eleven on safety, and five on loss prevention now available through NPTA. All of these programs have been published by other companies, but through special arrangement can now be purchased from your Association at a discount.

These programs and over 300 more are listed in the Paper Merchant's Audio Visual Training Catalog. *If you haven't received one yet, contact the Education and Training Department at NPTA Headquarters.*

State Stress Index

What's your state's "stress index"? That is not an easy question to answer says University of New Hampshire professor Murray Straus. He devised a system to reveal the stressfulness of life in each state based on 15 factors, i.e., divorces, personal bankruptcies, mortgage foreclosures, abortions, infant deaths, etc.

Nevada and Alaska are first and second on the list, followed by Georgia, Washington, Oregon, Alabama, and California. These all happen to be places where the population growth is well above the national average, and may have problems related to gorwing pains. Mr. Straus makes no judgment of these states, only how they ranked based on his scale. Nebraska came in last. There is a lot to be said for small-town America.

Are You Paying Too Much For Your Own Printing?

If your printing bills for direct mail brochures, annual report, booklets and the like are costing you more than your estimates, you might be the cause. Mel Straub, Vice President, Bradley Printing Company (a $40 million operation) says you can do something about it. Making changes after the bid usually makes your final costs higher. Here is a list of causes.

1. *Changing the basic concept after the printing estimate has been prepared and work has begun.*
2. *Adding or deleting illustrations after layouts have been finalized.*
3. *Changing copy, including headlines, after initial copy has been approved and set in type.*
4. *Starting too late.*
5. *Not having a realistic timetable and following it.*
6. *Taking too much time to approve materials, especially copy and art.*
7. *Failing to have a proper photo shooting schedule.*
8. *Requiring all decisions to be made by a committee - and leaving out certain people whose final approval is essential.*

Corporate Air Travel

"I remember when travel was full of grace," says Maryland Cup's V.P. Bill Blake. "Today it's brutal. An airplane is a cattle car." His comments appeared in a **Sales & Marketing Management** *article on corporate travel. It seems that many executives are complaining more than ever.*

In addition to the usual problems, the future may hold less non-stop flights. "Connecting is the way it's going to be," said E.E. Rondeau, national manager of company meetings for American Airlines. For greater efficiency and economy, airlines will feed flights to connecting points (not a particularly exciting prospect).

PAPER MERCHANT SALES REPORT

October, 1983

	NPTA Regions	Sales per selling day October 1983 -compared to- October 1982	Sales per selling day October 1983 -compared to- September 1983	Sales per selling day 1983 year-to-date -compared to- 1982 year-to-date	Days outstanding (accounts and notes) at close of October 1982	Days outstanding (accounts and notes) at close of October 1983	Calendar days' cost* of ending September inventory 1982	Calendar days' cost* of ending September inventory 1983
INDUSTRIAL	1	+ 2.4%	- 3.4%	+ 4.8%	41	43	55	--
	2	+ 8.1%	+ 0.5%	+ 2.5%	36	35	46	47
	3	+11.9%	+ 0.0%	+ 6.5%	33	35	63	61
	4	+16.6%	- 3.7%	+10.2%	36	34	54	51
	5	+ 3.5%	- 3.5%	+ 2.2%	33	35	62	57
	6	+ 8.1%	- 5.7%	+ 4.5%	39	40	50	--
	7	+ 3.0%	- 5.4%	- 0.1%	36	36	53	--
	NY METRO	+ 5.0%	- 2.8%	+ 9.1%	44	43	--	--
	CHICAGO METRO	+14.3%	- 1.0%	+11.9%	39	42	55	44
	LA METRO	+ 9.3%	+ 2.3%	+ 5.4%	43	49	60	--
	US	+10.5%	- 2.3%	+ 5.6%	37	38	55	53
PRINTING	1	+17.6%	- 0.2%	+14.1%	52	51	59	--
	2	+15.7%	- 6.1%	+ 8.9%	46	46	60	54
	3	+25.4%	+ 5.4%	+13.0%	43	44	76	73
	4	+22.2%	+ 0.4%	+ 9.3%	40	44	58	65
	5	+18.3%	- 1.3%	+11.1%	41	43	70	--
	6	+15.2%	- 0.5%	+ 6.0%	40	38	56	--
	7	+12.0%	- 2.8%	+ 1.2%	39	41	68	72
	NY METRO	+21.6%	+ 7.4%	+11.8%	44	43	64	--
	CHICAGO METRO	+15.7%	- 1.3%	+10.9%	45	44	60	--
	LA METRO	+18.2%	- 3.9%	+15.2%	38	39	70	68
	US	+21.1%	+ 0.0%	+10.3%	43	43	65	67

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

Region 1 CT, ME, MA, NH, RI & VT
Region 2 DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3 AL, FL, GA, NC, SC; TN & VA
Region 4 IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5 CO, IA, KS, MN, MT, NE, ND SD, WY
Region 6 AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7 AR, LA, MS, OK & TX

NY Metro: NY: New York City, Long Island and Westchester Co.
NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union

Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos.
IN: Lake Co.

LA Metro: Cities: Los Angeles, and San Diego
Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

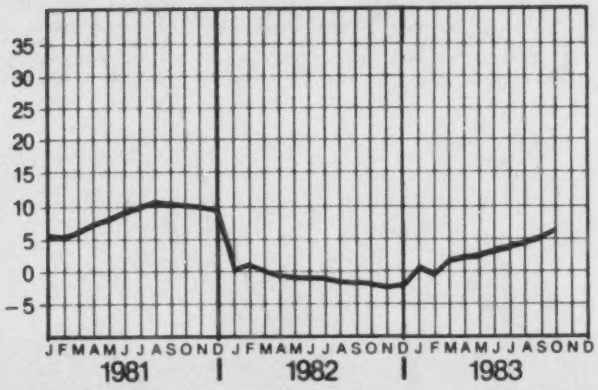
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

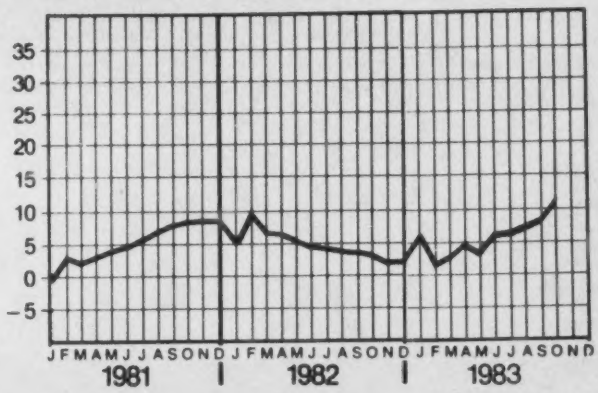
Paper Merchant Sales Report
Summary National Trend Information: 1981 to present

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

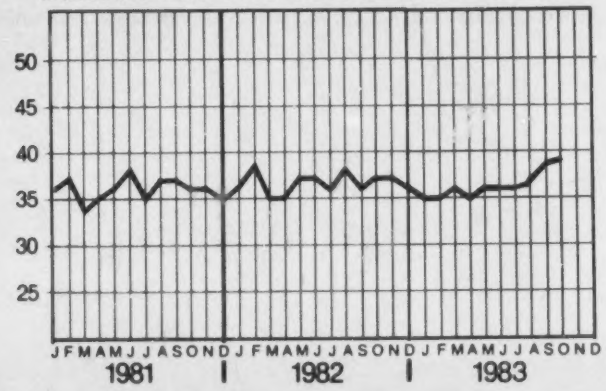


PRINTING PAPER SALES NATIONALLY

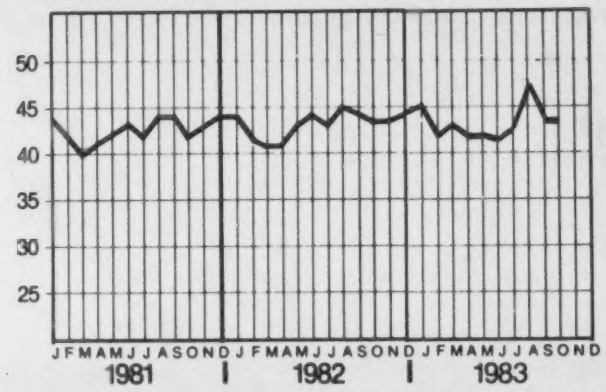


RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



PRINTING PAPER RECEIVABLES NATIONALLY



INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY

PRINTING PAPER INVENTORY NATIONALLY

WASHINGTON WATCH

TEFRA Requires Substantial Plan Amendments To Existing Retirement Plans

As a result of the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), substantial changes must be made to existing pension, profit sharing and other retirement plans. The TEFRA requirements must be formally amended into almost all plans in order for them to continue as IRS-approved plans.

Failure to amend a plan may jeopardize the plan's favorable tax status and the tax deferment benefits enjoyed by plan participants.

Some changes must be effective the first day of the 1983 plan year (i.e., January 1, 1983 for plans using a calendar plan year), so immediate action is needed. Other changes are to be effective the first day of the 1984 plan year. Generally, TEFRA amendments need to be adopted by the last day of the plan year in which they become effective.

1. **Contribution and Benefits Limits**
   Before TEFRA, the maximum annual addition to an employee's account under a qualified defined contribution plan was the lesser of $45,475 or 25% of compensation. The maximum benefit allowed an employee under a qualified defined benefit plan was the lesser of $136,425 or 100% of average compensation for his high three years.

   TEFRA has reduced these limits. The new dollar limit for defined contribution plans is $30,000; and $90,000 for defined benefit plans. Special rules apply where the employee is covered by both these types of plans. The $30,000 and $90,000 limits will remain in force through the 1985 plan year. Thereafter, they may be adjusted for cost-of-living increases.

   Effective Date - January 1, 1983 or if later the first day of the 1983 plan year.

2. **Loans to Plan Participants**
   Before TEFRA, participants could borrow from qualified plans with loan provisions without threat of IRS disqualification, so long as loans were properly secured and made at reasonable interest rates.

   After ERISA, a participant may borrow only up to one half of his vested benefits, but not more than $50,000. However, any participant may borrow up to $10,000 without regard to his vested benefits. Loan terms may not exceed 5 years unless proceeds are used to acquire or substantially renovate the principal residence of a participant or family member.

   Effective Date - August 14, 1982.

3. **Commencement and Distribution of Benefits**
   Before TEFRA, a participant could elect to defer the distribution of benefits to him. This plan feature often allowed the participant to minimize personal income tax by deferring distributions to post-retirement years when his income was lower.

   After TEFRA, the timing of distributions is no longer completely discretionary. Before death a participant must receive his entire account balance: no later than the year he reaches 70½, or retires, whichever is later; or have distributions commence in such year, to be fully distributed in his lifetime (or life expectancy) or the lifetimes (or life expectancy) of the employee and his spouse. If the participant is a key employee in a top-heavy plan, distribution must begin no later than the year he reaches 70½, whether or not retired. Generally, after death, the participant's entire interest must be distributed within 5 years of the participant's death or the death of the surviving spouse.

   Effective Date - January 1, 1983 or if later the first day of the 1984 plan year.

4. **Integration with Social Security**
   Before TEFRA, an employer's FICA contributions were considered equal to 7 percent of employee compensation even though the actual rate was less. A defined contribution plan may be integrated with Social Security so that the employer's FICA contributions are deemed plan contributions for purposes of determining whether the plan is discriminatory.

   After TEFRA, the plan must use the actual rate, currently 5.4 percent. However, integration is still an effective way to reduce overall plan cost.

   Effective Date - January 1, 1984 or if later the first day of the 1984 plan year.

5. **"Top-Heavy" Plan Rules**
   TEFRA imposes new restrictions on all qualified plans which are "top-heavy," that is, plans where over 60% of the benefits or account balances are payable to "key employees." A person is a key employee if during the current or four preceding plan years he: owned more than 1% of the employer and earned more than $150,000; owned more than 5% of the employer; was an officer of the employer; or was one of the 10 employees owning the large interests in the employer.

   This test is determined annually, so it may be possible for a plan to repeatedly weave in and out of top-heavy status.

   Under TEFRA, top-heavy plans are subject to faster vesting rules and only the first $200,000 of compensation for any employee may be considered in computing benefits. Top-heavy defined benefit plans must provide non-key employees a minimum nonintegrated benefit of 2% of pay for each year of service, not to exceed 20% of average annual compensation.

   For defined contribution plans, the nonintegrated benefit must be at least 3% of pay. However, if the maximum employer contribution rate for each key employee is less than 3%, then contributions to non-key employees need not exceed the highest percentage paid to a key employee. Thus, if no contribution is made for any key employee in a year, no contributions for non-key employees need be made. If employers maintain both pension and profit-sharing plans that are top-heavy, they must provide additional benefits to non-key employees to prevent a reduction in aggregate benefits offered by the plans.

   Effective Date - January 1, 1984 or if later the first day of the 1984 plan year.

CONCLUSION

In 1981, members of Congress took many bows for "simplifying" retirement plans for employers who were still reeling from complying with ERISA. Now Congress has again beseiged employers with the TEFRA requirements. Smaller businesses, more vulnerable to the "top-heavy" rules, are particularly hard hit by the new law.

IRS has been of little assistance to beleaguered businesses. Final regulations and guidelines have not been published for some of the changes. In addition, Congress is now considering legislation which could substantially change some TEFRA requirements, even before they become effective.

Young Executives Forum

By John E. Rountree
President
Carr Paper Company
Pomona, CA

What do young executives think about seminars directed specifically to them. A questionnaire at the meeting of the Young Executives Forum at the NPTA Annual Convention provides some answers which will help forge new directions for the industry's up-and-coming managers.

Here are the results which deserve your attention:

1. Would you be interested in attending a 2-4 day YEF seminar at a resort area at your company's expense? Yes or No. It was almost unanimous that YEF members would support a non-convention seminar.
2. To justify the expense, what business courses below would be most desirable to you? The most preferred topics were in the following order:
   a. Sales Management
   b. Goal Management
   c. Performance Analysis Review - critical criteria for success
   d. Inventory Management
3. What self-improvement courses would you like to attend? The most preferred courses were in the following order:
   a. How to Motivate
   b. Art of Negotiating with Individuals
   c. Time Management
4. What would be the most desirable location and time? The most preferred locations and times were as follows:

a. Florida	Winter
b. California	Winter
c. Colorado	Winter
d. Hawaii	Winter

The above results will give the YEF Steering Committee the basis for developing a more concrete plan. We appreciate and encourage your input. More to come on this subject in the future.

What's Your System Of Selling?

If you have a good system inplace, read no further. If you need to improve your sales ability in the marketplace, read on. Everyone knows that the random knocking on doors is not the best approach. The system selling concept requires an organized company effort to be successful.

NPTA has help for members wishing to review system selling with the idea of enhancing their company's opportunities in the marketplace. *System Selling To Industrial Markets*, by William J. Hannaford is a publication of the Distribution Research and Education Foundation and is available through NPTA.

Specifically, the systems concept has three major goals: simplifying and streamlining the supplies purchasing function of industrial plants; reducing the inventory positions (and thereby improving the profitability) of these plants; vastly improving the sales, margins, and profits of the distributor with the skills necessary to market the approach.

An organized systems selling approach should turn the adversarial customer relationship to one of true partnership. This partnership may be achieved by executing a cooperative, contractually based agreement between the wholesaler-distributor and the customer.

System Selling To Industrial Markets is available from the NPTA Communication's Department at $25.00

Position Wanted

Mill sales and product manager seeks a position in the paper distribution industry as a sales manager on the east coast. Fifteen years experience with sale to industrial merchants.

For a complete resume, contact the editor.

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